

# IFRS VALUATION OF RECEIVABLES

Euler Hermes  
Aktiengesellschaft



## THE SOLUTION FOR:

Listed companies and groups who need to draw up annual financial statements according to IFRS.



As a listed company, you need to draw up your annual financial statements according to International Financial Reporting Standards (IFRS). Value adjustments to receivables still outstanding at the balance sheet date are an important part of this, since they must be valued taking your bad debt risk into consideration. As of 2018, this has been done subject to the new IFRS 9 standard, which requires a forecast of the bad debt risk in the coming 12 months. A consolidated valuation allowance for the entire portfolio ("expected credit loss") must then be calculated – instead of the individual value adjustments required previously. With IFRS Valuation of Receivables – EH Smart Reserve, Euler Hermes Aktiengesellschaft takes care of this task for you.



## THE CONVINCING BENEFITS FOR YOU:

- Work to determine the value adjustments will increase and requires forecasting models as well as more specialist know-how. However, you can delegate this additional workload for IFRS 9.
- No need to reprogram your IT systems.
- Data collection and interface support are also not needed.
- Standardized implementation throughout your group.

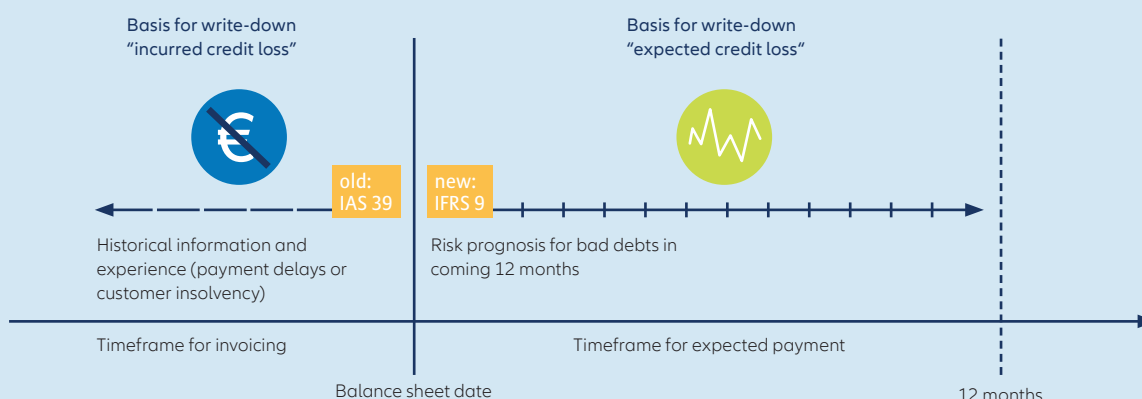


## AND THIS IS WHY EULER HERMES IS THE ANSWER:

- Rapid delivery of the value adjustment calculations on your receivables under IFRS 9.
- Euler Hermes Aktiengesellschaft is a competent partner and the acknowledged specialist for the analysis of trade debtor risks and expected credit loss.
- Valuation is assessed using the unique Euler Hermes Infopool with some 612,000 covered buyers and global access to information on over 40 million companies.
- Optimal country and sector expertise thanks to more than 6,000 employees in over 50 countries.
- Our Valuation of Receivables is certified according to ISAE 3402 Type 2 (International Standard for Assurance Engagements). This means that the audited processes meet the test standard for risk management required from external service providers and are thus accepted by external auditors.



## GOOD TO KNOW: CHANGES IN VALUE ADJUSTMENTS



## DO YOU HAVE ANY MORE QUESTIONS? HERE ARE A FEW FAQ:

### ■ Why shouldn't our company be able to calculate the value adjustments on outstanding receivables ourselves without any problem, just like we have up to now?

There might have been no problem with that up to now, since the value adjustments were made based on "incurring credit loss" – i.e., information and experience from the past. What is needed now, however, are probability-weighted valuations assessing the bad debt risk one year into the future. For that, you need different information and data on the credit-worthiness of companies, as well as specialist know-how. Both of these are Euler Hermes Aktiengesellschaft's core competence.

### ■ But doesn't that make everything even more complicated if we have another expert working on our financial statements besides the external auditors?

Not at all: Euler Hermes Aktiengesellschaft delivers the completed "expected credit loss" analysis according to reporting requirements as a report and draws up a detailed listing of your receivables broken down by the segments or company accounting codes you have defined to us. Above all, it will not get more complicated, but simpler: you don't need to go through the hassle of calculating your "expected credit loss" on your receivables or reprogramming your systems to handle IFRS 9 – which means that EH Smart Reserve is worth real money to your company.

### ■ If we change our external auditors, would the new ones also approve the solution produced with EH Smart Reserve?

With IFRS Valuation of Receivables – EH Smart Reserve, Euler Hermes Aktiengesellschaft gives you an independent and consistent solution just like any other external expertise. The process is audited and meets the requirements under ISAE-3402 Type 2. This internationally known and accepted test standard for outsourced service provision will be known to your auditors and accepted by them.



## WOULD YOU LIKE TO FIND OUT MORE DETAILS?

Then please get in touch with our experts. Your personal contact persons at Euler Hermes Aktiengesellschaft in the Product Division IFRS Valuation of Receivables are:

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